



**Office of the Attorney General
Paul G. Summers**

NEWS RELEASE

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STATES REACH \$6 MILLION AGREEMENT WITH READER'S DIGEST

Tennessee today joined 31 other states and the District of Columbia in an estimated \$6 million agreement with the Reader's Digest Association (RDA) which will require it to make dramatic changes in its sweepstakes mailings.

The Pleasantville, N.Y. company, one of the country's largest sweepstakes mailers, sends out millions of mailings annually, most of which offer consumers the opportunity to enter a sweepstakes. In addition, RDA advertises subscriptions to the Reader's Digest, books, audio tapes or video tapes RDA sells. Sometimes the sweepstakes offers are combined with skill contest offers that require the recipient to buy something to enter the skill contest.

The agreement requires all sweepstakes mailings provide clear and conspicuous "Sweepstakes Facts" disclosures to consumers, which make it clear buying something to enter a sweepstakes does not increase your odds of winning.

"We want Tennesseans to understand you legally do not have to buy anything to enter a sweepstakes," Tennessee Attorney General Paul G. Summers said today. "Buying magazines, books, tapes and other merchandise advertised by the company will not help your chances of winning. We believe the Sweepstakes Facts disclosure will help make this clear to everyone."

Attorney General Summers pointed out that some Tennesseans, particularly older people, have in the past purchased large amounts of products in sweepstakes offers because they believed purchases would enhance their chances of winning.

In addition to other restrictions, RDA has agreed to not continue soliciting any future high activity customers (those who spend more than \$2,500 in a year) unless RDA actually makes contact with that customer and determines the customer is not buying because the customer thinks buying will help him or her win or for any other inappropriate reason. Attorney General Summers also noted Reader's Digest has agreed to establish a "Do Not Contact List" which requires RDA to stop sending consumers on the list new sweepstakes or skill contest solicitations.

The agreement signed by RDA and the Attorneys General establishes a fund of close to \$6 million to be used by the 32 Attorneys General for payment to consumers in their states who were high activity sweepstakes customers in any one of RDA's fiscal years 1998, 1999 or 2000. In addition, RDA will pay the states approximately \$2 million for attorneys' fees, the costs of the investigation and consumer education. Tennessee's share is \$75,000.

Other states who also entered into today's agreement include Alabama, Alaska, Arkansas, California, Georgia, Hawaii, Idaho, Illinois, Kansas, Indiana, Louisiana, Mississippi, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Rhode Island, South Carolina, South Dakota, Utah, Virginia, Washington, Wyoming, and the Corporation Counsel of the District of Columbia.